The Mercantilist School and Its Contribution to the Development of Economic Thought

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Introduction:

Since ancient times, humans have tried to understand the forces that govern economic phenomena such as production, exchange, distribution, and consumption. As humanity progressed, they sought to formulate relationships between these economic phenomena in the form of general scientific laws, just as they did in other branches of knowledge. In reality, studying these attempts means studying the history of economic thought. This study includes the economic systems and the schools of thought that formed them, which, despite their differences, were all a result of the varying economic, political, and social circumstances that the early societies went through.

Human needs are multiple, and resources are relatively limited. When these two facts are linked, economic problems and phenomena arise. Throughout various ages and through the ideas of numerous economic thinkers, humans have attempted to understand and interpret these phenomena, from ancient and medieval economic thought to modern economic thinking.

This is what we will address in this research. The first economic group during this period was the mercantilists. Mercantilist policies focused on relations with the external world, known as foreign trade. Foreign or international trade is considered one of the oldest concerns of economic philosophy and economists. Today, the importance of this trade has increased to the point where it has become a major factor in the economic and political strategy of nations. International economic relations are characterized by constraints and barriers imposed by countries to protect their policies or economies.

From this, we discover that international or foreign trade responds to external circumstances and factors on one hand and plays a crucial role in the national economy on the other. But how did this trade develop and thrive to the form it has today? What are the ideas that helped shape the methods of international trade transactions?

One of the most important ideas or doctrines that led foreign trade to where it is today is the mercantilist doctrine, which is considered the first step in international economic thinking and the starting point for policies and strategies in international trade transactions. What is mercantilism? What were the circumstances of its emergence, and how did it develop? Was it truly an effective doctrine that achieved the welfare of nations and peoples? What are its main ideas, and what criticisms have been directed at it?

This is what I attempted to explore in this research for a greater understanding of the ideas of prominent economists.

Problem Statement:

This research will examine the mercantilist school (mercantilism) and its contribution to the development of economic thought. Therefore, the problem is presented through the following question:

Has the mercantilist school contributed to the development of economic thought?

This leads us to raise a set of sub-questions, which include the following:

- What were the conditions that paved the way for the emergence of the mercantilist school?
- What are the key ideas in the economic analysis of the mercantilist school?
- To what extent has the mercantilist school contributed to the development of economic thought?
- What criticisms have been directed toward this school?

Hypotheses:

- There were conditions and factors that paved the way for the emergence of the mercantilist school.
- The mercantilist school has economic views, ideas, and analyses that contributed to the development of economic thought.

Importance of the Study:

The importance of this research lies in discovering the most prominent aspects of economic thought among the mercantilists, and the foundations, principles, and contributions they made in finding solutions to economic problems.

Objectives of the Study:

- To present the journey of the mercantilists and highlight their role in the development of economic thought.
- To examine the basic concepts and ideas upon which mercantilist economic thought is based.
- To identify the key contributions of the mercantilists in the development of economic thought.

Research Methodology:

We relied on the descriptive historical method by studying a historical phenomenon, namely the mercantilist school and its role in the development of economic thought.

Chapter One: The Concept of the Mercantilist School and its Key Ideas

First: The Emergence of the Mercantilist School (Mercantilism)

The mercantilist doctrine is credited with shaping the foundations of the capitalist system from the second half of the 15th century until the second half of the 18th century. During this time, the church was no longer the sole source of economic concepts and opinions, such as fair prices and wages. Instead, progress was made with theories that glorified profits, trade, and unlimited wealth, leading to an increase in the dominance of commercial capital and its importance in economic activity in general.

The term "mercantilism" refers to the ideas of economists and the economic policies of states that emphasize the need for state intervention in national economic activity through laws. It is an economic doctrine whose early signs appeared from the late 14th century and prevailed until the second half of the 18th century. Linguistically, mercantilism comes from the English word "Merchant," meaning "trader." In technical terms, it is the doctrine that placed great importance on precious metals, such as gold and silver, considering them the foundation of a nation's wealth and the source of its power. (Source: https://coadec.uobaghdad.edu.iq)

Second: The Conditions that Paved the Way for the Emergence of Mercantilist Economic Thought

A: The Collapse of the Feudal System and the Emergence of Nation-States

The widespread corruption caused by the feudal system led to social injustice due to its closed structure. Slaves and serfs fled, diminishing the power of feudal lords, while the influence of kings grew, leading to the formation of nation-states. Politically, regional states emerged, and this was accompanied by significant economic development due to improved security and transportation, which boosted trade. This was in contrast to the feudal system, where each domain was self-sufficient, and markets were locally confined. "All the regions merged into one economic body that can be described as a national economy, and thus the local market expanded. This was coupled with far-reaching developments that increased the opportunities for international trade." (Saeed Al-Najjar, 1973, p. 26).

B: Geographical Discoveries

The discovery of the New World, rich in resources, precious metals, and raw materials for industries, was a major factor that motivated Europeans to seek access to the New World, facilitating the movement of people and thus flourishing international trade. "Geographical discoveries, such as the discovery of the Americas in 1493 and the Cape of Good Hope route to India in 1489, opened up new markets for countries to export their products and import essential raw materials for their industries. The availability of labor allowed these European countries to expand their colonies, gaining vast agricultural and mineral wealth. The influx of precious metals from these new geographic regions to Europe expanded the scope of monetary exchange. After the Crusades, important trade relations emerged between Europe and the Islamic world, making international trade the cornerstone of the economy." (Saeed Al-Najjar, 1973, p. 28).

C: The Development of Economic Ideas

The third factor can be considered a result of the first two. The collapse of the feudal system, the emergence of regional states politically, and geographical discoveries, along with the accompanying rise in foreign trade, led to the growth and development of new ideas. Economic thoughts evolved from what they once were, giving rise to new ideas later called "mercantilist thought," which advocated for the application of a surplus policy in the trade balance due to the wealth brought by precious metals.

All these economic developments changed the policies of the Middle Ages, as commercial policies began to invade the large European kingdoms of that time. (Saeed Martan, 2002, pp. 24-25).

Third: Principles of Mercantilist Thought

Economic thought scholars agree that the ideas of the mercantilists revolved around a number of basic principles, which include:

1) The Relationship Between a Nation's Wealth and Its Precious Metals

From the previous discussion, it becomes clear that the mercantilists gave utmost importance to precious metals, considering them the foundation of a nation's wealth. This importance is especially evident in early writings before the beginning of the 17th century. As a result, early mercantilist thinkers were referred to as "metallists" due to their focus on precious metals as wealth. Over time, the focus shifted, and the term "mercantilists" was used to describe those who were more concerned with the trade balance.

Given the context of emerging nation-states, it is not difficult to understand why mercantilists prioritized gold and silver. Continuous wars had drained the treasuries of monarchs, and taxes at the time were not a reliable source of revenue. Therefore, kings were in constant financial distress, especially as state responsibilities expanded to include defense, warfare, and security. Thus, they were in perpetual need of currency, namely gold and silver. It became easy to equate precious metals with the concept of wealth itself. Mercantilists believed that increasing capital was necessary to maintain low interest rates because a scarcity of capital would lead to higher interest rates. Through historical events of that period, rulers and thinkers sought precious metals as wealth itself.

This pursuit led to unethical methods and the occupation of countries, exploiting their resources. For the mercantilists, money was not just a medium of exchange but played an active role in stimulating transactions and increasing the volume of trade. (Saeed Al-Najjar, 1973, p. 30). "The matter does not stop at the suitability of precious metals for meeting the needs of the emerging state. In fact, the mercantilists' viewpoint is based on more than that. Some of their writings compared a nation's wealth to that of individuals: just as an individual's wealth is measured by their holdings of gold and silver, so too is a nation's wealth. Thomas Mun, in 1664, stated that the wealth of the kingdom is analogous to the wealth of an individual who earns an annual income of 1,000 pounds and has capital amounting to 1,000 pounds in cash. If that individual spends 1,500 pounds per year, they will lose all their wealth within four years. However, if they only spend 500 pounds annually, they will double their wealth within the same period. This principle applies equally to nations."

There are two important factors that led the mercantilists to adopt this stance on precious metals:

- **First:** The significant rise in prices in Europe during the 16th century, which was accompanied by an enormous increase in the quantity of precious metals flowing into Europe, led to an unprecedented surge in commercial, industrial, and artisanal activities. This prompted the mercantilists to link these phenomena, concluding that the increase in economic activity was a result of rising prices and an increase in the availability of precious metals (gold and silver currency). However, this analysis was not based on scientific foundations but rather an assumption drawn from the simultaneous occurrence of these phenomena (Bouali Soukaina, 2014, p. 280).
- **Second:** Many mercantilists believed that the interest rate determined the amount of loans used for productive and commercial activities and that the interest rate depended on the amount of precious metals available in the country. If the money supply increased and the interest rate decreased, this would inevitably lead to increased economic activity. (Bouali Soukaina, 2014, p. 280).

Achieving a Favorable Balance of Trade:

The second principle, which forms the foundation of mercantilism, is achieving a trade balance with a surplus, where exports consistently exceed imports. This is closely linked to the first principle, which is the positive correlation between a nation's wealth and its possession of precious metals. The mercantilists expressed the interests of commercial capital by considering that the foundation of wealth for any nation is represented by the precious metals it possesses. For this wealth to flourish, the nation's trade balance must achieve a surplus. This surplus increases as the state encourages economic activities focused on export-oriented production. A surplus in exports over imports inevitably leads to an inflow of precious metals, which in turn increases the nation's wealth. However, if the country imports more than it exports, the resulting trade deficit would cause an outflow of precious metals equivalent to the deficit, leading to a decline in wealth. Based on this analysis, it is necessary to work towards achieving a surplus in the trade balance.

It should be noted here that the mercantilists did not limit their understanding of the trade balance to the import and export of goods alone. Many of them referred to what we now call invisible exports and imports, even though they did not use this term. For example, Thomas Mun mentioned maritime transport expenses, military expenditures in foreign countries, and the payments made by English Catholics to Rome. He pointed out the impact of such payments on the inflow and outflow of gold, similar to the payments made for goods that are exported or imported (Saeed Al-Najjar, 1973, p. 34).

Thus, the profits and wealth accumulated by merchants with the support of their states were among the important sources of the initial capital accumulation during the Industrial Revolution (Ismail Safar, 1990, p. 150).

3) State Intervention in Economic Life:

The mercantilist trade policy, which aimed at bringing precious metals into the country and preventing their outflow, required strong state intervention in economic activity. This intervention stifled individual initiatives and economic freedom, especially in foreign relations. To protect the trade balance and ensure it remained in surplus, "the views of the mercantilists can be summarized in the necessity of enhancing the state's position both economically and politically. In their opinion, the state had the ultimate authority, and they called for its supervision of industrial activity, directing production and consumption, and monitoring distribution and prices."

The mercantilists also advocated for monitoring international trade and imposing restrictions on it, such as levying customs duties on imports or even banning some imports altogether, while providing subsidies to exports. Domestically, the state supervised production and encouraged the production of certain goods for export. It also supported products that were most consumed locally to ensure their sufficiency, thus avoiding the need to import them in exchange for gold and silver.

During this period, England, France, and Spain witnessed numerous examples of state intervention in economic life. One of the most common forms was granting monopolies to specific companies for producing or exporting certain goods, as exemplified by the East India Company and the Levant Company in England. The state found this form of intervention to be a convenient means of increasing its revenues, as it would receive royalties from these companies (Mohamed Mohey, 2004, p. 14).

The state also intervened in setting the prices of goods and wage levels. It resorted to importing skilled labor from abroad to develop local industries, thereby avoiding imports and achieving a surplus for export (Mohamed Mohey, 2004, p. 14).

4) Organization of Economic Activity:

It is clear from mercantilist thinking that trade is the core of economic activity, particularly international trade, which is seen as the source of wealth. Domestic trade, on the other hand, adds nothing to the nation's wealth, as the gains and losses from domestic transactions cancel each other out, regardless of how profitable the deals may be. As a result, domestic trade is considered unproductive, unlike foreign trade, which adds net wealth to the nation because the losing party is a foreign country. Similarly, what a country loses in international trade is seen as a reduction in national wealth for the same reason (Saeed Al-Najjar, 1973, p. 36). The industrial sector was ranked second in importance, not for its own sake, but because it served international trade. The focus on industry was to develop foreign trade, which shaped economic policy to serve national industry, in addition to imposing various restrictions on imported goods, as imports required payments to foreign countries in precious metals, thereby reducing national wealth.

Despite these restrictions, the needs of the industrial sector, particularly for importing and securing raw materials, led the mercantilists to allow exemptions from taxes and customs duties for raw materials, or at least to reduce them. In contrast, they imposed high taxes on manufactured goods in certain cases to protect domestic production from foreign competition (Bouily Sakeena, 2014, p. 286).

Their concern with adapting industry to serve international trade led some theorists to establish a direct relationship between customs duties and the degree of manufacturing of imports. The higher the degree of manufacturing, the higher the tax, reaching its peak on fully manufactured goods, since foreign manufactured goods contain a significant amount of foreign labor. Therefore, high customs duties were imposed to prevent competition with domestic labor, unlike raw materials, which involved minimal foreign labor.

With the mercantilists advocating this idea, the concept of surplus in the trade balance shifted from simply an excess of export value over import value to the value of labor involved in producing exported goods compared to that of imported goods. This represented a focus on industry as a means to serve international trade and achieve a favorable trade balance to attract precious metals. As for agriculture, it was neglected by the mercantilists and was not given the same attention, as it was considered an unproductive sector in terms of generating wealth represented by gold and silver. This marginalization led to agricultural workers being seen as less important than those in industry and trade. The importance of agriculture was limited to achieving self-sufficiency, so the country would not need to import agricultural goods from abroad in exchange for precious metals (Bouily Sakeena, 2014, p. 287).

Increase in Population

The mercantilists believed that a large population represented a significant source of economic and military power for nations. From an economic standpoint, a large population provided soldiers for conquering different regions and securing markets, as well as raw materials for industries. It also served as a source of cheap labor for producing goods aimed at export, which would increase the state’s net income in terms of precious metals (Sa'id Al-Najjar, 1973, p. 36).

As a result of the mercantilists' overemphasis on the importance of foreign trade, they adopted economic policies that aimed to reduce production costs in comparison to other countries. This was done by lowering workers’ wages and encouraging population growth to increase the labor force, even if it meant employing women and children. During this period, the slave trade from Africa, particularly to European countries, also flourished. In other words, the mercantilists viewed the population as a source of both military and labor power, both of which were necessary for the state's strength and the growth of its industries. They were not concerned with the potential pressure on food resources or the decrease in individual living standards caused by population growth—ideas that later became central to Malthusian thought and gained acceptance from economists like Ricardo and his followers. Thus, they had no hesitation in supporting efforts to increase the population size (Ismail Safar, 1990, p. 153).

It is evident from the mercantilists' views on population size that they did not care about wage levels. In fact, they encouraged keeping wages low, which in turn lowered the living standards of individuals, since higher wages would lead to increased production costs for domestic industries, thereby weakening their competitiveness in foreign markets. Additionally, higher wages would enable greater consumer spending among workers, reducing the accumulation of capital. To ensure the success of an export-oriented industrial policy aimed at attracting precious metals and accumulating capital, the mercantilists promoted the idea of cheap labor.

Based on these principles, it becomes clear that the mercantilist doctrine carried within it the seeds of its own failure for several reasons: lowering wages, supporting policies that encouraged population growth, employing women and children, and the thriving slave trade—all in an effort to reduce production costs. Moreover, the focus on industry and export at the expense of agriculture relegated the agricultural sector to a secondary role in the economic equation, even though it was the primary source of production for the majority of the population and regions of Europe. This, coupled with the influx of precious metals, led in many cases to economic crises such as unemployment, inflation, and recession. Despite the prosperity experienced in certain productive sectors, a new school of thought emerged that called for reducing state intervention in economic life—this was the free-market doctrine (Sa'id Al-Najjar, 1973, p. 38).

Key General Ideas in the Economic Analysis of Mercantilism

Some of the key ideas held by the proponents of the mercantilist school include:

1. The state must be strong, and the goal of the economic system should be to achieve this strength. Hence, their theory was called the "economy for power" theory.
2. Wealth is the most important factor in achieving state power, so the state must strive to increase its wealth. In this context, wealth refers to gold, silver, and other precious metals.
3. Mercantilists viewed the total wealth of the world as fixed in size. As a result, they believed that what one country gains in wealth comes at the expense of another country's loss. Thus, the mercantilist school had an inherently adversarial nature, as each state sought to achieve its own interests at the expense of other countries, regardless of the economic conditions of other nations.
4. The rise in prices during the mercantilist era was attributed to the increase in the money supply that entered European countries due to the influx of gold and silver from the New World. Consequently, changes in price levels depended on changes in the money supply (Ismail Safar, 1990, p. 154).

Economic Policies Adopted by the Mercantilist School

Mercantilist policies focused on increasing the state's wealth in terms of gold and silver (the measure of power), with wealth acquisition being dependent on foreign trade. As such, the state's economic policy had to be based on achieving a surplus in the trade balance. This principle governed the mercantilists' economic policies, which can be categorized into three main approaches:

1. **Spanish Policy**: Referred to as the "mineral policy," this approach focused on obtaining gold and silver from colonies in the New World. The Spanish government enacted laws to prevent the export of these precious metals abroad and regulated foreign trade to limit the outflow of these metals. Specific measures included:
   - Ships exporting Spanish goods abroad were required to return the value of those goods in gold and silver to the Spanish economy.
   - Foreign traders selling goods within Spain were not allowed to take the equivalent value in money out of the country. Instead, they were required to spend the proceeds from their sales on purchasing other goods from the Spanish market. These measures are reminiscent of modern currency exchange controls in contemporary nations.
   - The export of gold and silver was only permitted in exceptional cases (such as paying royal debts or financing religious missions led by the king abroad). In summary, Spain took the shortest and easiest route to obtain gold and silver by extracting them directly and preventing their export. However, this led to an increase in the money supply and rising prices, which made it difficult for the government to prevent the outflow of precious metals (Madhet Al-Quraishi, 2011, pp. 85–86).
2. **French Policy**: This was the most important approach adopted by European nations during the mercantilist era. Known as the "industrial policy," it was successfully implemented under the French minister Colbert.

This policy was based on the belief that France, in order to acquire gold and silver from abroad, needed to focus on increasing exports over imports, with an emphasis on exporting industrial rather than agricultural products for the following reasons:

- Industrial products generally had higher value than agricultural products, even if both were of equal volume.
- Industry was less subject to the unpredictable fluctuations of natural factors, such as those affecting agriculture, making it easier to control.

Key actions taken by Colbert to encourage industry included:

- The creation of government-owned industries to improve certain products and the issuance of laws and regulations to enforce production methods in private industries, which were monitored by a large number of inspectors.
- Encouraging national industry by imposing high tariffs on goods imported from abroad that competed with domestic products, while restricting or prohibiting the export of agricultural products to ensure a surplus of goods in the domestic market and lower prices.
- Facilitating exports by establishing large companies whose primary task was to market industrial products abroad, and encouraging individuals to invest in these companies (Madhet Al-Quraishi, 2011, p. 19).

3. **English Policy**: Known as the "commercial policy," this approach focused on acquiring precious metals through foreign trade, unlike Spain and France. England's advantage lay in its strong maritime fleet, which distinguished it from other nations. Private companies were established without government intervention, with the primary goal of conducting foreign trade.

However, this focus on trade did not mean that England neglected industry. In fact, England’s industrial growth was comparable to that of France. Nonetheless, England’s primary focus on acquiring precious metals was achieved through trade, and various laws were enacted to protect it. These included:

- The Navigation Act, passed by Cromwell in 1651, which stipulated that ships engaged in trade between England and its colonies had to be owned by English citizens and crewed by English sailors.
- A requirement that goods imported to England from abroad could only be transported by English ships or ships belonging to the country producing those goods (Suleiman Zouari, 2018, p. 19).

Sixth: Key Figures of Mercantilist Thought

1. **Thomas Mun (1571-1641)**: Mun is widely regarded as the most prominent mercantilist thinker, not only in England but across Europe. His main contributions revolve around how to obtain commercial capital and increase monetary surplus. Some of his key ideas include:
    - **Reclamation of uncultivated land**: To increase food production, reduce dependency on imports, achieve self-sufficiency, and thus eliminate one of the factors that negatively affect the trade balance.
    - **Fishing industry**: Mun advocated for England to control nearby seas and their fish resources to strengthen its trade balance.
    - **Conservation of natural resources**: He emphasized the importance of conserving natural resources, except when they are used for manufacturing.
    - **Prohibition on food imports**: Mun suggested a strict ban on food imports, with exceptions only for goods that could be re-exported after adding value to them.
    - **Support for re-export policy**: He recommended government grants and aid to the export sector to bolster re-exports.

- **Control over transportation and communication**: Mun advocated for control under what he called the "colonial charter."
- **Diverse pricing strategies**: He proposed using varied pricing policies depending on the type of goods, countries, and historical circumstances.
- **Monetary export policy**: Mun emphasized allowing the export of money in exchange for goods that could be re-manufactured and re-exported, thus attracting more gold.
- **Manufacturing for export**: Mun believed that manufacturing should serve trade and be aimed primarily at exporting goods.

2. **Jean-Baptiste Colbert (1619-1683)**: Colbert was the finance minister during the reign of Louis XIV of France and is closely associated with French mercantilism. Although Colbert was more of a businessman than a theorist, his ideas and approaches were evident in the administrative decisions and policies he implemented during his tenure.
3. **Johann Heinrich von Justi (1717-1771)**: Von Justi was a prominent mercantilist thinker in Austria and Germany. He taught public finance at the University of Vienna before joining the finance ministry under Frederick the Great in Germany. His ideas were detailed in his book *The Economy of the State*, in which he advocated for state intervention in economic affairs to promote growth (Sa'id Al-Najjar, 1973, p. 44).

Second Chapter: Evaluation of Mercantilist Ideas and Their Contribution to Economic Thought

First: The Contribution of Mercantilism to the Development of Economic Thought

1. **Separation of Economics from Religion**: The mercantilists were instrumental in finally separating economic research from the religious or moral framework that characterized the Middle Ages.
2. **Paving the Way for Modern Economics**: Although mercantilists did not establish economics as an independent science due to their focus on politics, they laid the groundwork for later researchers to formalize the field.
3. **Historical Context**: Given the historical context in which mercantilism emerged, it is essential to recognize that the school fulfilled its necessary role at that time.
4. **Support for the Formation of Modern States**: Mercantilist ideas helped to strengthen emerging modern states politically. During a period when fledgling states needed to consolidate power against feudal lords, gold and silver were among the most effective means of gaining internal and external allies.
5. **Development of Industry and Trade**: Mercantilist policies contributed to the growth of industry and trade.
6. **Foundation of European Banking**: The mercantilists' emphasis on money helped establish and expand the activities of European banks (Source: Baghdad University).

Second: The Importance of the Merchant Class and the Organization of Production Relations

The rise of the mercantilist school led to a shift in the social structure, with the merchant class becoming the driving force of the economy. Industry began to replace agriculture, but this industry was still subordinate to trade. Merchants were responsible for exporting goods to the world, especially the New World, and for importing raw materials. In this sense, industry served the needs of trade (Suleiman Zouari, 2018, p. 17).

Due to the relationship between the ruling class and merchants, kings enacted laws in favor of merchants, including prohibiting the export of agricultural products, imposing customs duties on local goods, and involving the state with merchants in establishing specialized companies. With state intervention, this system was referred to as regulatory capitalism rather than mercantile capitalism. (Suleiman Zouari, 2018, p. 17).

Third: Evaluation of the Mercantilist School's Ideas and Opinions

The mercantilists did not establish economics as an independent science (it served politics), but they paved the way for subsequent researchers to undertake this task. In general, the following can be observed:

1. Assistance in Establishing Modern States Politically: They facilitated the rise of modern states by acquiring gold and silver, which helped gain supporters both domestically and internationally and to undermine the power of feudal lords.
2. Support for Industrial and Commercial Development: Their ideas contributed to the growth of industry and trade and emphasized the importance of money, leading to the creation of European banks and the expansion of financial activities, which marked the transition from feudalism to capitalism.
3. Critique of the Mercantilist Doctrine:
    - Misunderstanding of Wealth: The mercantilists misunderstood wealth, equating it solely with gold and silver. In reality, wealth should be seen in terms of a nation's productive capacity and actual output.
    - Errors in the Principle of Continuous Trade Surpluses: They erroneously believed in the possibility of consistently achieving a positive trade balance and continually acquiring gold and silver. Adam Smith demonstrated the impossibility of this through the following analysis: (Suleiman Zouari, 2018, p. 20).

If we examine the policies implemented based on mercantilist ideas, we notice that they led to several negative outcomes in various respects, including:

- From a Purely Intellectual Perspective: Each mercantilist thinker advocated for their country to increase exports and restrict imports. While this policy might be feasible for a single country, it is impossible on a global scale because if every country restricts imports, others cannot increase their exports.
- From a Scientific Perspective: This aspect reveals the following:
    - Spain: The poor were harmed because the increase in gold without enhancing productive capacity led to an increase in the money supply. Without a proportional increase in goods, this resulted in higher prices and inflation, negatively affecting the poor, who represented the majority of the population.
    - France: Colbert's policy was criticized for sacrificing an important segment of the population (farmers) and a branch of production (agriculture) to encourage another sector (industry). Lower food prices led to decreased agricultural income.
    - Colonial Era: The economic and social damage to the colonies included buying products at low prices and selling them to the colonies at high prices, which led to revolts. (Suleiman Zouari, 2018, p. 21).

In conclusion, while mercantilist ideas were criticized, it is not accurate to claim that their proposed economic policies were entirely eradicated in modern times. For example, Keynes in his *General Theory* (1936) praised the mercantilist idea of increasing gold and silver within each country, suggesting that this idea was not naïve.

Also, the policies of the mercantilists were revived after the 1323 crisis, where countries began to focus on achieving a positive balance of payments (increasing exports and reducing imports). Additionally, the modern foreign exchange controls implemented by countries are essentially similar to the Spanish policy. (Suleiman Zouari, 2018, p. 21).

Conclusion

The mercantilist system was an economic system that emerged in Europe to enhance state wealth and increase its stock of precious metals through strict governmental regulation of the entire economy and a focus on foreign and international trade.

The mercantilist school contributed significantly to the development of economic thought globally, providing principles that later evolved into economic rules and theories. In fact, mercantilism can be seen as the foundational building block of modern capitalist economic thought.

However, this doctrine was exploitative and granted the government the authority to impose restrictions on the population and exploit them to serve its own interests and those of major merchants. The policies followed led to the colonization of entire countries, the forcible extraction of their resources, and the enslavement of their peoples.

Mercantilism emerged from specific historical circumstances and evolved accordingly but failed to keep pace with the development of societies and their awareness of individual well-being and the importance of free trade, eventually giving way to economic theories better suited to societal progress.

Results and Recommendations

Results

1. The research has shown that mercantilist ideas contributed to the establishment of modern states politically. During a time when strengthening emerging states was necessary to overcome the power of feudal lords, gold and silver were crucial for gaining support both domestically and abroad.
2. Mercantilist ideas facilitated the development of industry and trade and emphasized the importance of money, leading to the creation of European banks and the expansion of financial activities, marking the transition from feudalism to capitalism.
3. The mercantilist school was the foundation of modern capitalist economic thinking and contributed to the development of global economic thought by providing principles that evolved into economic rules and theories.
4. Mercantilists advocated for banning the export of gold bullion, a dangerous policy as it increased the money supply and led to higher general price levels.
5. The agricultural sector was neglected by mercantilists, considered marginal because it did not directly generate wealth in the form of gold and silver. This marginalization diminished the status of those working in agriculture compared to those in industry and trade, with the focus being on achieving self-sufficiency to avoid reliance on foreign imports in exchange for precious metals.

Recommendations

1. It is essential to explore and understand the ideas of economists as they help us better understand contemporary theories and ideas.
2. Learn from the mistakes of mercantilist thinkers to avoid repeating past errors. For example, the ban on exporting precious metals led to increased money supply and rising prices, resulting in inflation—a significant contemporary economic problem.
3. Utilize the economic analyses and opinions of mercantilists, especially when current conditions resemble past situations.

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